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February 8, 1999

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OFFICE OF THE  
EXECUTIVE SECRETARY

**VIA OVERNIGHT MAIL**

Mr. David Waddell, Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37219

Re: Joint Application of Cherry Communications Incorporated, WAXS INC., Maxxis Group, Inc. and Maxxis Communications, Inc. for Approval of Acquisition of Assets and for Assignment of Authorization ("Joint Application"), Tennessee Regulatory Authority ("TRA") Docket No. 99-00054

Dear Mr. Waddell:

We represent Maxxis Group, Inc. ("Maxxis") and Maxxis Communications, Inc. ("Maxxis Communications") in connection with the above-described Joint Application. Pursuant to your request, the following information is provided to supplement the Joint Application.

**I. Authority for Approval.**

The TRA's approval of the transfers of assets described in the Joint Application is sought pursuant to Tennessee Code Annotated Section 65-4-113.

**II. Effect of Transfer of Assets on Cherry Communications Incorporated's Customers for Intrastate, Interexchange Telecommunications Services in Tennessee.**

We understand that Cherry Communications Incorporated ("Cherry") does not currently provide intrastate, interexchange telecommunications services to any customers in the State of Tennessee. As such, the transfer of assets sought in the Joint Application will not adversely affect any consumers of telecommunications service in the State of Tennessee.

**III. Summary of the Transfer of Assets for which Approval is Sought.**

On September 29, 1998, Cherry, WAXS INC. ("WAXS") and Maxxis entered into an Asset Purchase Agreement pursuant to which Maxxis will acquire certain assets of Cherry that are used to provide intrastate and interstate long distance telecommunications services. Under the terms of

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the Asset Purchase Agreement (which is expressly contingent upon receiving regulatory approval of the transaction), in consideration of an assignment of certain accounts receivable and of a promissory note, Maxxis will acquire from Cherry certain assets including, *inter alia*, telecommunications equipment, intellectual property rights (e.g., software licenses), and authorizations to provide intrastate, long distance telecommunications services.


Concurrently with the execution of the Asset Purchase Agreement, Maxxis entered into a Master Lease Agreement with Rockford Industries, Inc. ("Rockford"), as lessor, for the lease of certain telecommunications switching equipment. The telecommunications switching equipment was previously owned by Cherry, was subsequently sold to WAXS, and thereafter, was sold to Rockford. Under the Asset Purchase Agreement, both Cherry and WAXS have provided Maxxis with certain representations and warranties regarding this switching equipment.

Upon the consummation of the asset purchase and lease transaction described herein (after receipt of all regulatory approvals), Maxxis will acquire ownership of the above-described telecommunications assets and a leasehold interest in the telecommunications switching equipment. Thereafter, Maxxis will immediately transfer some of these assets, including the state regulatory authorizations and certificates, to Maxxis Communications. In the future, Maxxis Communications will utilize the assets to provide long distance services to customers in Tennessee. Cherry, on the other hand, will cease offering intrastate, long distance telecommunications services to customers in Tennessee.

We have enclosed an original and fourteen (14) copies of this letter. Please file this letter in your usual fashion and return one (1) file-stamped copy to us in the self-addressed, stamped envelope included with this letter.

If you have any questions or comments, please call the undersigned.

Sincerely,



Michael K. Stewart

Enc.

cc: Maxxis Group, Inc.  
Richard Heidecke, Esq.  
One of Cherry Communications Incorporated's Attorneys  
Charles A. Hudak, Esq.